

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6130

BILL NUMBER: SB 78

DATE PREPARED: Feb 16, 1999

BILL AMENDED:

SUBJECT: Medicaid disability.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill amends the Medicaid definition of a disabled person to include a person who has a physical or mental impairment, disease, or loss that appears reasonably certain to result in death or that has lasted or appears reasonably certain to last for a continuous period of at least twelve (12) months without significant improvement. (Current law requires that the impairment continue throughout the lifetime of the individual.)

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) A preliminary estimate of the additional state costs associated with this provision is approximately \$68 million per year.

This bill changes the medical criteria for disability used in the state Medicaid program to match the definition used in the Supplemental Security Income (SSI) program. Indiana is one of two states in the country that has a medical definition for disability that is more restrictive than SSI. There are currently 20,600 SSI recipients who do not receive Medicaid. The total cost of serving these individuals through the Medicaid program is estimated to be \$177 million based on an average annual Medicaid cost of \$8,600 for a disabled person. The state share of these costs is estimated to be about \$68 million annually (state/federal shares = 38.69%/61.31% for FY99). This includes an estimated \$650,000 in administrative savings. The federal dollars returned to the state are estimated to be about \$109 million per year.

Associated with the increased provision of health care services through the Medicaid program is some potential reduction in future expenditures by other payors such as hospital charity care, township Poor Relief, the federal SSI program, and potential cost-shifts from the private-pay market. However, the amount of expenditure reduction that would be attributable to the provisions in this bill is not known.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding this bill's impact

on Medicaid program expenditures that are cost-shared with the federal government.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Judith Becherer, Office of Medicaid Policy and Planning, 233-6467.